

AMENDED IN ASSEMBLY JUNE 18, 2008

SENATE BILL

No. 1635

Introduced by Senator Negrete McLeod

February 22, 2008

An act to amend Section 19596.2 of, *and to add Section 19605.74 to*, the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1635, as amended, Negrete McLeod. Horse racing: out-of-state thoroughbred races: number of races.

Existing law, the Horse Racing Law, provides that a thoroughbred racing association or fair may distribute the audiovisual signal and accept wagers on the results of out-of-state thoroughbred races during the calendar period the association or fair is conducting a race meeting, provided that the total number of thoroughbred races on which wagers are accepted statewide in any given year does not exceed the total number of thoroughbred races on which wagers were accepted in 1998. Existing law further prohibits the total number of thoroughbred races imported by associations or fairs on a statewide basis from exceeding 23 per day on days when live thoroughbred or fair racing is being conducted in the state, except as provided.

This bill would eliminate the ceiling on the number of races as were wagered on in 1998 and would change the total number of thoroughbred races authorized to be imported by associations or fairs on a statewide basis to 40 per day.

This bill would express the intent of the Legislature to enact legislation to deduct an additional percentage of the total amount handled in all parimutuel pools of thoroughbred races run in California, to be used

primarily to finance capital improvements to provide adequate stabling and training facilities for thoroughbred horses, and secondarily to supplement the costs of workers' compensation insurance incurred in connection with thoroughbred horse racing.

Under existing law, revenues distributed to the state as license fees from horse racing are required to be deposited in the Fair and Exposition Fund and are continuously appropriated to the Department of Food and Agriculture for various regulatory and general governmental purposes.

This bill would authorize additional wagering and additional races, and would increase the amount of continuously appropriated license fees, thereby making an appropriation.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19596.2 of the Business and Professions
- 2 Code is amended to read:
- 3 19596.2. (a) Notwithstanding any other provision of law and
- 4 except as provided in Section 19596.4, a thoroughbred racing
- 5 association or fair may distribute the audiovisual signal and accept
- 6 wagers on the results of out-of-state thoroughbred races conducted
- 7 in the United States during the calendar period the association or
- 8 fair is conducting a race meeting, including days on which there
- 9 is no live racing being conducted by the association or fair, without
- 10 the consent of the organization that represents horsemen
- 11 participating in the race meeting and without regard to the amount
- 12 of purses. Further, the total number of thoroughbred races imported
- 13 by associations or fairs on a statewide basis under this section shall
- 14 not exceed 40 per day on days when live thoroughbred or fair
- 15 racing is being conducted in the state. The limitation of 40 imported
- 16 races per day does not apply to any of the following:
- 17 (1) Races imported for wagering purposes pursuant to
- 18 subdivision (c).
- 19 (2) Races imported that are part of the race card of the Kentucky
- 20 Derby, the Kentucky Oaks, the Preakness Stakes, the Belmont
- 21 Stakes, the Jockey Club Gold Cup, the Travers Stakes, the
- 22 Breeders' Cup, the Dubai Cup, or the Haskell Invitational.
- 23 (3) Races imported into the northern zone when there is no live
- 24 thoroughbred or fair racing being conducted in the northern zone.

1 (4) Races imported into the combined central and southern zones
2 when there is no live thoroughbred or fair racing being conducted
3 in the combined central and southern zones.

4 (b) Any thoroughbred association or fair accepting wagers
5 pursuant to subdivision (a) shall conduct the wagering in
6 accordance with the applicable provisions of Sections 19601,
7 19616, 19616.1, and 19616.2.

8 (c) No thoroughbred association or fair may accept wagers
9 pursuant to this section on out-of-state races commencing after 7
10 p.m., Pacific standard time, without the consent of the harness or
11 quarter horse racing association that is then conducting a live racing
12 meeting in Orange or Sacramento Counties.

13 *SEC. 2. Section 19605.74 is added to the Business and*
14 *Professions Code, to read:*

15 *19605.74. (a) The Legislature finds and declares that the*
16 *existence of high caliber thoroughbred racing in California is*
17 *important to this state's agricultural economy. The California*
18 *horse racing industry is being threatened by the escalating costs*
19 *of doing business in California, including, but not limited to,*
20 *workers' compensation insurance costs, in that these costs are not*
21 *only causing thoroughbred horses and trainers to leave this state,*
22 *but are also discouraging owners and trainers from bringing*
23 *horses into this state to compete. It is the intent of the Legislature*
24 *to provide some relief from these escalating costs through the*
25 *redistribution of the parimutuel handle on wagers.*

26 *(b) In this regard, it is the intent of the Legislature to enact*
27 *legislation that would do all of the following:*

28 *(1) Deduct an additional percentage of the total amount handled*
29 *in all parimutuel pools of thoroughbred races run in California.*

30 *(2) Establish a joint powers agency to collect and distribute the*
31 *money accumulated pursuant to paragraph (1), to issue bonds,*
32 *and to be accountable to the board for the use of those funds.*

33 *(3) Use the money collected pursuant to paragraph (1) primarily*
34 *for the financing of capital improvements to provide adequate*
35 *stabling and training facilities for thoroughbred horses, and*
36 *secondarily to supplement the costs of workers' compensation*
37 *insurance incurred in connection with thoroughbred horse racing.*